THE STATISTICS OF THE CONCENTRATION OF WEALTH —DISCUSSION

Davis R. Dewey.—The subject of the amount of national wealth is an alluring field into which doubtless many of us have at one time or another made a visit. To me, however, it has proved a land of mystery; and yet, why should it? The data which have been collected for the United States in regard to the amount of wealth and its character appear very definite. We are told, for example, that in 1912 there was $188,000,000,000; and we can figure out the amount per capita and the amount per family. We know what this wealth includes; as, for example, real estate including buildings and improvements, not only of private individuals but also of the government. It includes live stock, farm implements and machinery, manufacturing machinery, tools, and implements, coin, railroads and their equipment, street railways, telegraph and telephone systems, the products of agriculture, manufacturing, and mining, furniture, carriages, etc. All these items are denoted in the census bulletins with specific amounts. Is this total figure, however, which is given by the census, a reasonable one? It is difficult to comprehend the significance of $188,000,000,000. If there be a multi-millionaire in the country with a wealth of a billion dollars, it means the total wealth of the nation is 188 times as much. A billion is approximately the wealth returned for the state of Maine, or for Vermont and New Hampshire together. I am not willing to believe that the wealth of the nation is not far greater than the wealth of any one individual as measured by 188 to 1. In other words, when we speak of the wealth of a millionaire, we are valuing it by a yardstick or economic measure which differs from that by which we are measuring the total wealth of the United States.

For what purposes do we desire these statistics of wealth? There are two: in order to throw light upon the distribution of wealth, as to compare the total amount of wealth in the country with the wealth of an individual or group of individuals; and, secondly, to measure the increase of wealth.

On the first point, then, it seems to me that the statistics which we have at hand throw very little light.

In regard to the increase of wealth, according to the estimate of the census, the total was $89,000,000,000 in 1900 and $188,000,000,000 in 1912. This means that the wealth more than doubled in the twelve years between 1900 and 1912. Notwithstanding these figures, I am

again slow to believe that the amount of wealth, in any sense which has social significance, increased in such amount. The explanation for the figures probably lies in the inflated values in 1912 as compared with 1900. Moreover, in all estimates of national wealth there is danger of omitting from the estimate socialized wealth. Wealth which is transferred from individual ownership and which becomes a common possession is likely to shrink in terms of monetary value. For these reasons it seems to me that the figures thus far published do not contribute very much to the solution of economic problems as they present themselves to students at the present time.

George E. Roberts.—I have no criticism to make of the papers which have been presented, but before the discussion closes I should like to see a little more emphasis given to one phase of the subject. The question is whether the available figures for the distribution of wealth really mean what they appear to. The figures commonly used purport to show the ownership of wealth, and they relate almost entirely to the ownership of productive property, and they certainly do not give a true showing of the distribution of the necessities and comforts of every-day life.

Professor King has divided wealth into four classes, but for the point I am making I would divide it into two classes. There is the class composed of things which minister directly to our wants and welfare, such as food, clothing, houses, schools, hospitals, etc., and there is the class which is the class composed of productive property, which is useful only as it produces the goods and services of the first class. It is in the ownership of property of this second class that the inequality of wealth as shown by statistics exists. But these statistics are not as significant as they are usually represented to be, because the benefits of productive property are not restricted to the owners. On the contrary, they are shared by every person in the community. The benefits of the development of the steam engine are not confined to the owners of steam engines; the benefits of railways are not confined to the owners of railway shares. We have seen in the last few years a vast expenditure of money for the improvement of railway terminals about New York, and the benefits of these improvements will go to all the residents of the country, not simply to the owners of the railways or the residents of New York, but to the people of the whole country. It has been recently demonstrated that important economies can be effected by the use of electricity for motive power on the railways, and it is desirable, not only from the standpoint of the railways but from

the standpoint of the public that capital shall be so invested. Improvements of this kind are a part of the industrial equipment of the country, no matter who owns them, and yield benefits to the public that are vastly more important than the benefits to the owners.

If we reflect we shall see that practically all of the great expenditures for new construction and equipment which are going on about us are for the purpose of providing for the wants of the public. These improvements mean that the production of goods is constantly increasing very much faster than population, and the only way these goods can be distributed is by such a continual readjustment of wages and prices as will enable the masses of the people to buy them.

In short, the distribution of wealth which is shown by the statistics of ownership is not a true and final distribution. A great many people who have very good incomes spend them as they go along and do not figure in ownership at all. On the other hand a man who puts the major portion of his income back into productive property increases the supply of goods for distribution, reduces the prices for all consumers, and shares the benefits of his wealth with the public. Real distribution must be measured at the point of consumption.

Robert L. Hale.—If I understand Mr. Roberts' point correctly, it is that the manner in which wealth is distributed is of no great moment, inasmuch as there is a natural limit to the amount which anyone, however rich, can consume, and as the balance above what any man consumes is put back into industry and thus benefits the public as much as if they owned it. If this point is sound, it seems to me that a great deal of energy is being wasted in attempts to prevent theft and political graft. Why worry if the Tammany grafter or even the ordinary thief gets hold of something to which he is not entitled? He will only consume part of it and with the rest he may build a cotton warehouse.

Yet we do worry—Mr. Roberts, I presume, with the rest of us. Why? Why do those of us who differ with Mr. Roberts worry over the unequal distribution of wealth? Because in the first place it does divert a great deal of the wealth which is being produced into channels where it serves to gratify the superfluous wants of the rich rather than the more pressing wants of the poor. Because, in the second place, a great deal of it comes as a consequence of the owner deliberately limiting the amount of his output, thus diminishing the total production of wealth. Because, in the third place, the failure

of the government to take back, as change, that part of the large incomes granted by it (through the law of property) which does not act as an incentive to production, makes it necessary to impose taxes which do trench on the necessary incentive and which thus, by lessening production, increase the cost of living. Because, lastly, the choice of the channels into which industry should be made to flow ought not to be left to the whims of a comparatively few rich men to whom the government seems at present to have delegated the power so to choose.

Precisely what forms of income could be more equally distributed without checking the incentive to produce is another question. It is one which Mr. Roberts does not attempt to answer, since from his point of view it is irrelevant. But equally irrelevant, from his point of view, must be any dispute as to the title to any property.